

What Is The Secret to Consistent Trading Profits?

Do Winning Traders Have the Ability to Predict The Future More Accurately?

The Secret of Winning Traders is Their Ability to Think Statistically & exploit statistically edges



Consistent Profits from Random outcomes



Would You Play This Game?

- Place a Bet of \$1
- Heads wins \$1.50, Tails loses \$1.
- Would you take the bet if you only had \$1?
- Would you take the bet if you had \$100?
- What is your chance of profits after 100 tosses?

What is the Expected Profit per Toss?

$(\% \text{ Win} \times \text{Average Win}) - (\% \text{ Loss} \times \text{Average Loss})$

$(50\% \times \$1.50) - (50\% \times \$1) = \$0.25$

This game has a Positive Expectancy

What is the expected profit after 100 tosses?

- $\$0.25 \times 100 = \mathbf{\$25}$
- That is a 25% return on \$100 capital!

20 trades a month

40% average win rate

8 wins

12 losses

Risk per trade = 1%

Potential Profit = 1.5%

$8 \times 1.5\% = 12\%$

$12 \times (-1\%) = -12\%$

0% Return Per Month

20 trades a month

50% average win rate

10 wins

10 losses

Risk per trade = 1%

Potential Profit = 1.5%

$10 \times 1.5\% = 15\%$

$10 \times (-1\%) = -10\%$

+5% Return Per Month

20 trades a month

60% average win rate

12 wins

8 losses

Risk per trade = 1%

Potential Profit = 1.5%

$12 \times 1.5\% = 18\%$

$8 \times (-1\%) = -8\%$

+10% Return Per Month

20 trades a month

60% average win rate

12 wins

8 losses

Risk per trade = 3%

Potential Profit = 4.5%

$12 \times 4.5\% = 54\%$

$8 \times (-3\%) = -24\%$

+30% Return Per Month

Principles of Consistent Profits in Trading

In Trading...

- Use Technical Analysis to give us an 'Edge' over price direction
- Ensure a win/loss ratio of 50% or more by choosing only high probability trades. 55%? 60%?
- Fix the amount you can lose per trade by setting a stop loss (e.g. Risk 1% of Your Capital)
- Set a Take Profit of at least 1.5 times your risk (e.g. Potential return of 1.5% of your capital)
- You will have a **Positive Expectancy!**

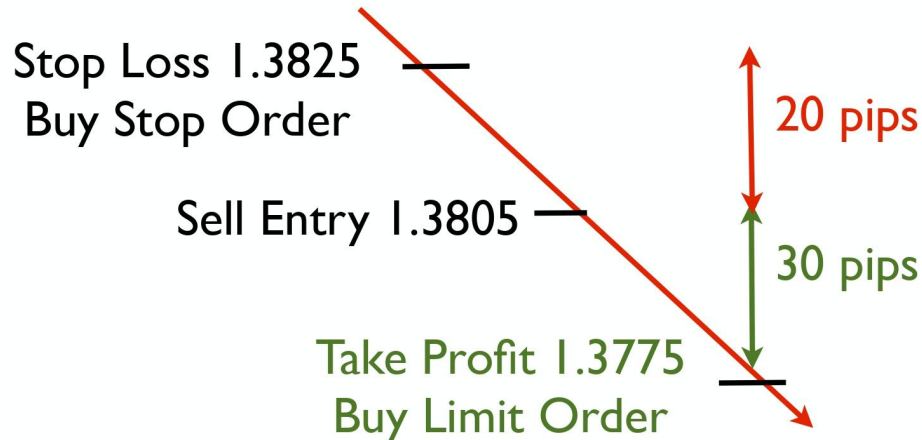
Three Points in Every FX Trade

In any trade, winning traders always place...

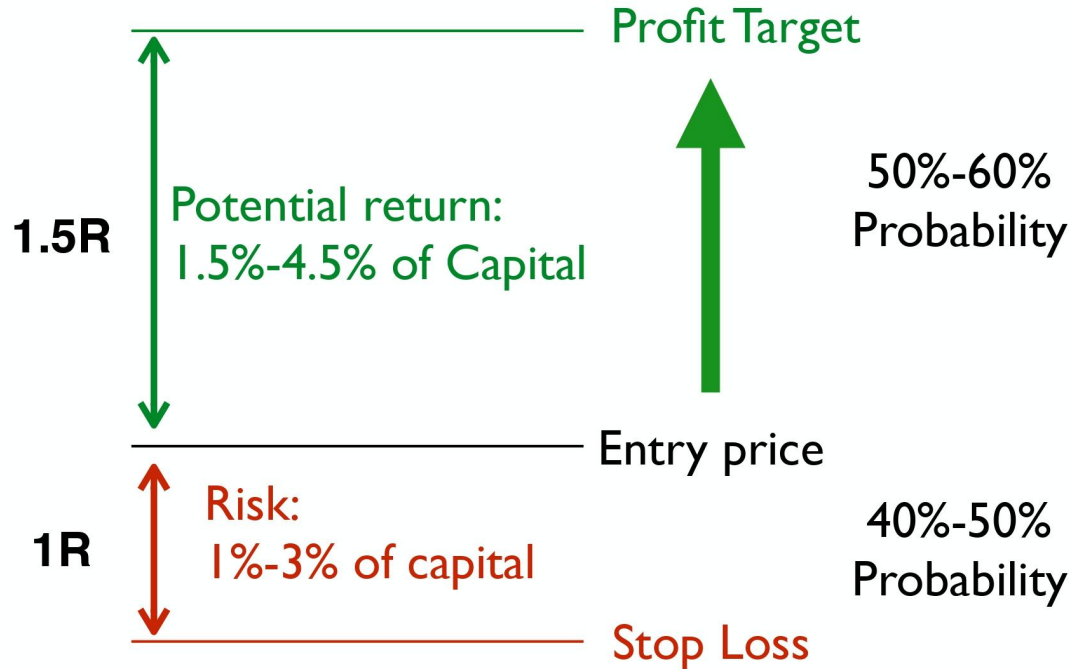
- 1) Entry Price - Price which we buy/sell
- 2) Stop Loss Price - Price where trade exits with a loss
- 3) Take Profit price - Price where trade exits with a profit

Short Position

The EUR/USD is at 1.3805. You expect the EUR to weaken against the USD. You go short EUR/USD at 1.3805



Profitable and Powerful Trading Business Plan

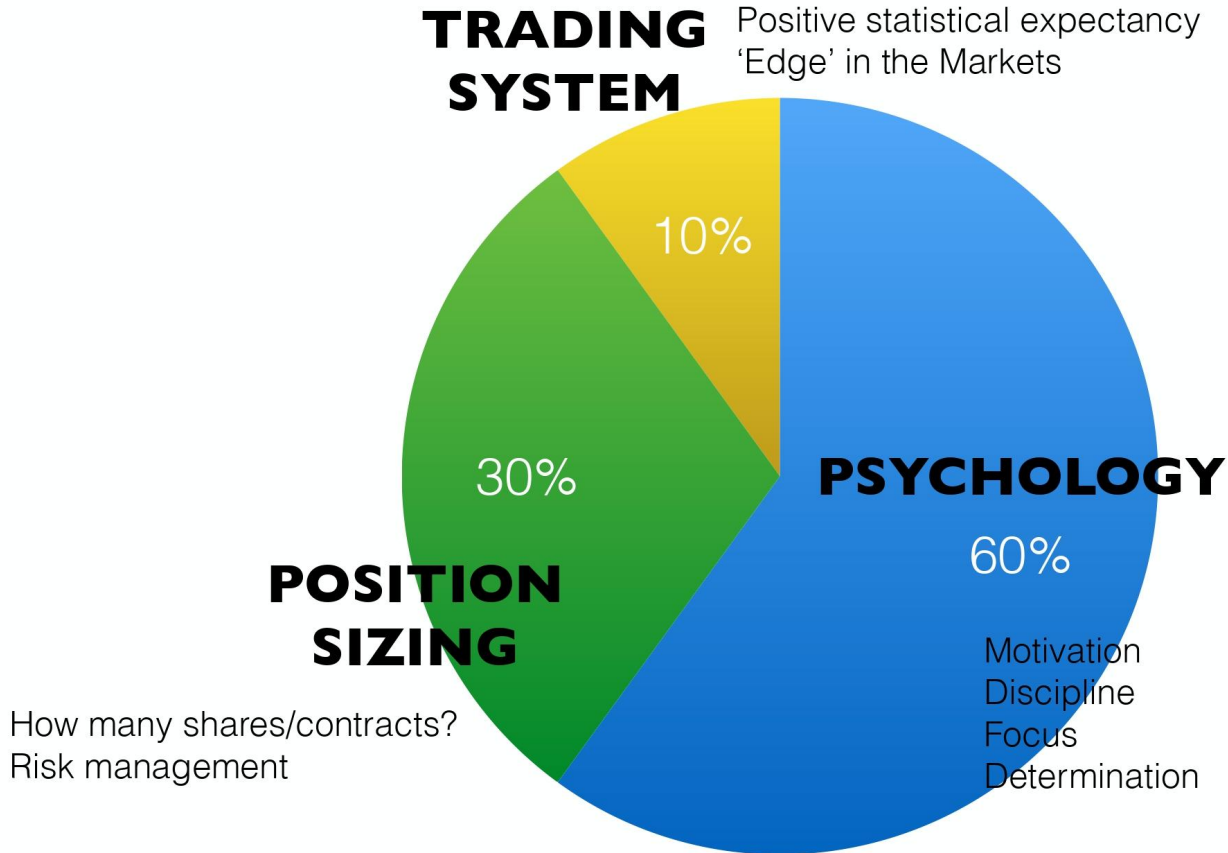




Lesson 2

The Secret to Consistent

What Makes A Successful Trader?



4 Keys to Successful Trading

1) Entry Setups

2) Exit Strategies

Trading Methods/Strategies

3) Risk Control

Minimizes risk exposure

4) Trading Psychology

*Affects everything
you do in trading!*

● Getting The Bananas

In a well-known experiment, a monkey was put in a cage and bananas were placed outside the cage on the opposite side from the door, just beyond his reach. Once the monkey spotted the bananas, the door was opened. What happened was that the monkey stretched his arm between the bars. He struggled and practically dislocated his shoulder, frantically trying to grasp that which was just beyond his reach. He could struggle there for hours, weeks, or months, and it was always going to be just beyond his reach. To get the bananas, he had to turn his back on them and walk through the open door.

We know that the minute he got that “aha” and saw the open door, success was automatic. It’s only the manifestation of what had already happened. The minute the monkey saw the open door, in effect he already had the bananas. He could have and eat as many bananas as he could hold. Fame and success are exactly like that—they happen the instant we see something. Success is the automatic expression of what has already happened



Principles of Successful Trading

Calculate your expected profit per trade
= (% Win x Average Win) - (% Loss x Average Loss)

Example:

Starting Capital \$10,000

Average loss = 1% x \$10,000 = \$100

Average Win = 1.5% x \$10,000 = \$150

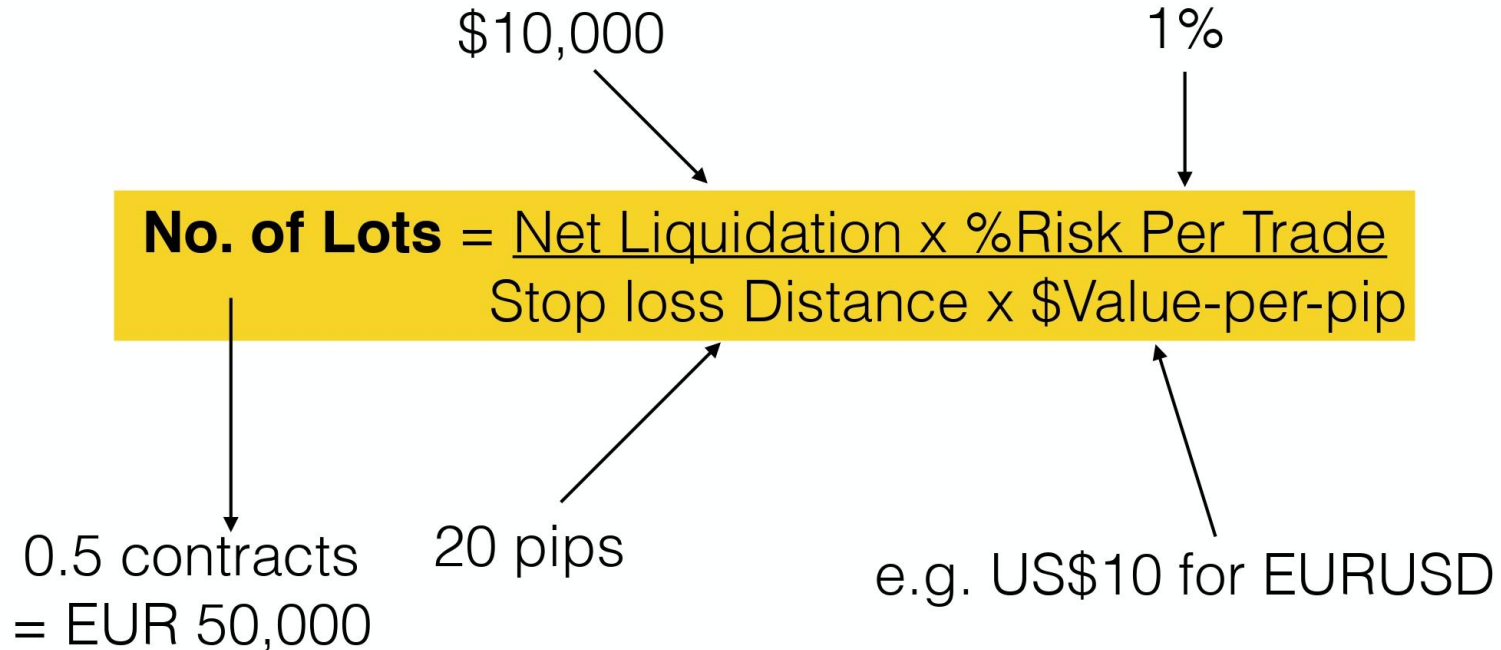
Expected Profit = (% Win x Average Win) - (% Loss x Average Loss)
= 55% x \$150 - 45% x \$100
= \$37.50 per trade

20 trades a month

= 20 x \$37.50 = \$750 per month (+7.5 % return a month)

Position Sizing

3) Determine Your Position Size for Each Trade



Position Sizing

Step to Calculating Position Size

Step 1) Check Your Net Liquidation (i.e. Capital)

- Example: \$10,000

Step 2) Determine your Risk per trade?

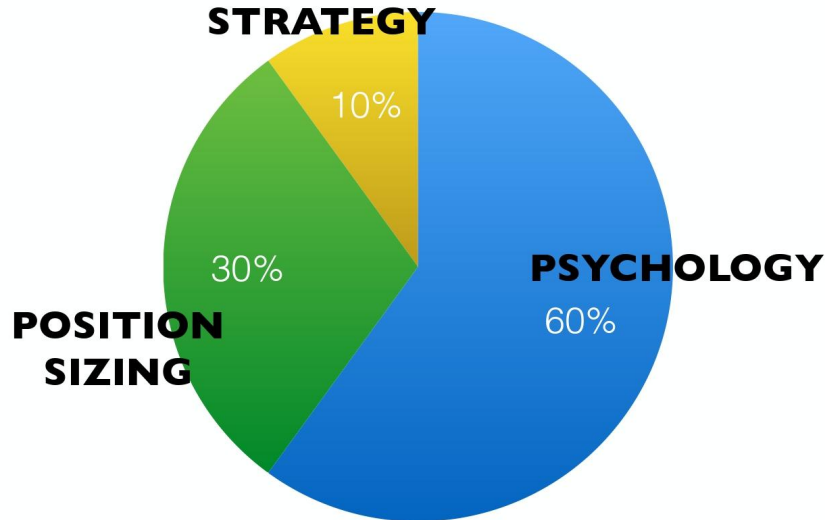
- 'Risk' refers to the maximum loss per trade
- This is the maximum you can lose if your stop loss is hit
- This loss should never be more than 1%-3% of your capital
- In other words, never risk more than 1%-3% of your capital on any one investment
- Example: Risk per trade 1%

Determine Your Position Size

- Note: Regardless of where you place your stop loss, your risk remains the same (e.g. 3% of your capital)
- Determine your stop loss first, then you can calculate the number of lots to trade
- The Number of lots traded is inversely proportional to the stop loss
 - The further the stop loss, the smaller the number of lots
 - The nearer the stop loss, the greater the number of lots

Position Sizing

- Position sizing is the part of your trading system that tells you how many contracts to buy/sell per trade.
- Position sizing will help you to determine
 - How many contracts to go long/short for a particular trades
 - Your risk per trade and overall risk to your portfolio
 - Your expected returns to your portfolio



Position Sizing

The Concept of R-Multiples

- Successful traders think in terms of 'R' multiples
- 1R is a unit of risk
- 1R = Maximum Risk per Trade = 1%-3% of Capital
- A losing trades results in -1R
- A winning trade results in +1.5R or more

Using R- Multiples to Calculate Expectancy

$$\begin{aligned}\text{Expectancy per trade} &= (55\% \times 1.5R) - (45\% \times 1R) \\ &= 0.825R - 0.45R = 0.375 R\end{aligned}$$

If you do 20 trades a month = $20 \times 0.375R = 7.5R$

If every 1R = 1% of capital, 7.5R = +7.5% Return

If every 1R = 2% of capital, 7.5R = +15% Return (high volatility)

If every 1R = 3% of capital, 7.5R = +22.5% Return (Very high volatility)

Risk Management & Position Sizing

- Risk management ensures that you keep your losses small and you will always have enough equity to keep trading in the event of a losing streak.

Rules of Risk Management

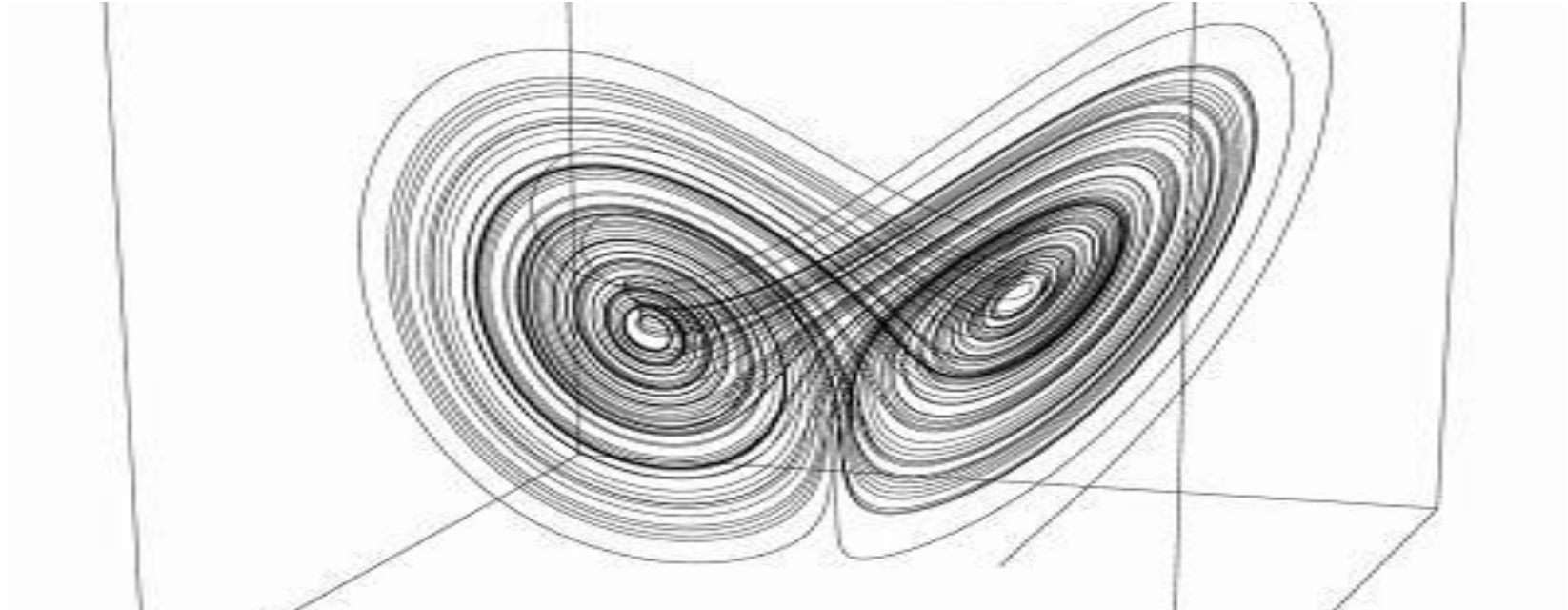
- Always risk a fixed percentage of your capital (e.g. 1%-3%)
 - at 1% risk of capital , If 4 losses in a row -> 4% drawdown
 - at 3% risk of capital, If 4 losses in a row -> 12% drawdown
 - at 10% risk of capital, if 4 losses in a row -> 40% drawdown
- Always use a stop loss order
 - allows us to pre-determine the amount of loss in a losing trade
- Always use a take profit order
 - allows us to pre-determine the profit in a winning trade
- Always ensure Risk-to-return ratio is at least 1:1.5
 - Trading success is balancing win rate and risk/return ratio
 - The better the risk/return ratio, the lower the win rate



Lesson 4
Position Sizing
Risk Management
Automate Trading With Orders

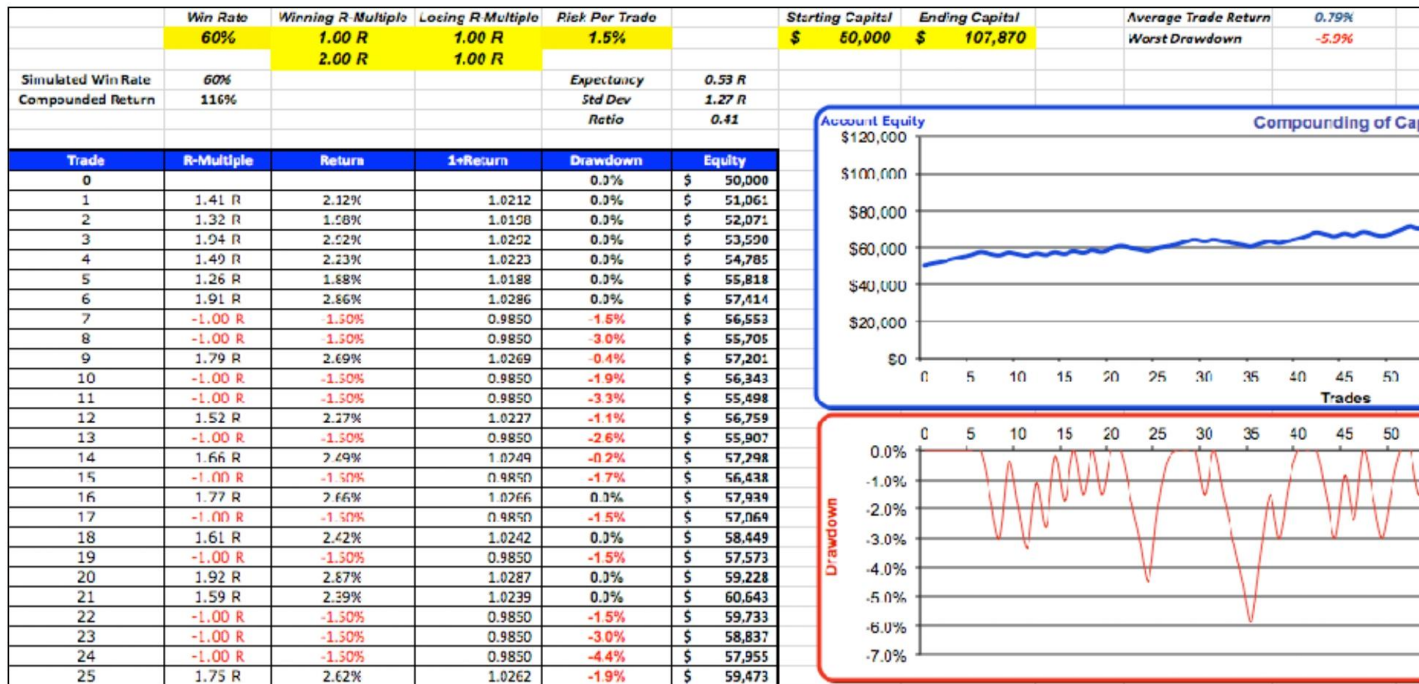
Simulation Probability

This simulation based on Uncertainty
How to get a positive outcomes from Uncertainty



Position Sizing

Use the Simulation Program to look at potential drawdowns and returns



Position Sizing

5) Determine Your Expectancy & Your Expected Return

- What is your expectancy (edge) per investment?

Expectancy per Trade =

$$= \% \text{ Win} \times (\text{Average Win}) - \% \text{ Loss} \times (\text{Average Loss})$$

$$= 55\% \times (\text{Average Win}) - 45\% \times (\text{Average Loss})$$

Example

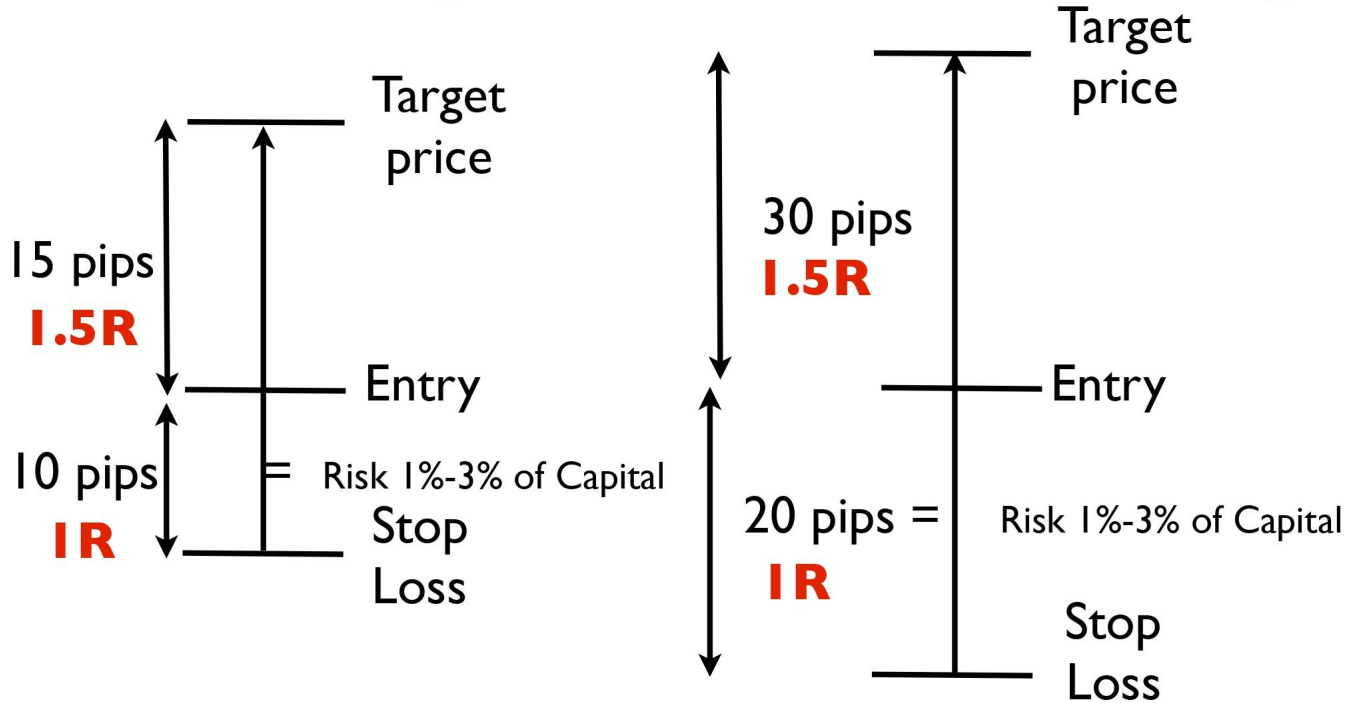
- Average loss = $1\% \times \$10,000 = \100
- Average Win = $1.5\% \times \$10,000 = \150
- Expectancy per trade = $55\% (\$150) - 45\% (\$100)$
 $= \$82.50 - \$45 = \$37.50$ per trade
- 20 trades a month = $\$37.50 \times 20 = \750
- Return on Capital = $\frac{\$750}{\$10,000} = 7.5\%$ per month (>100% a year)

Risk Management & Position Sizing

- Take no more than 2 concurrent trades at a time
- Concurrent trades should NOT be correlated (e.g. Long EURUSD, Short USDJPY)
- Take a maximum of 3 trades a day



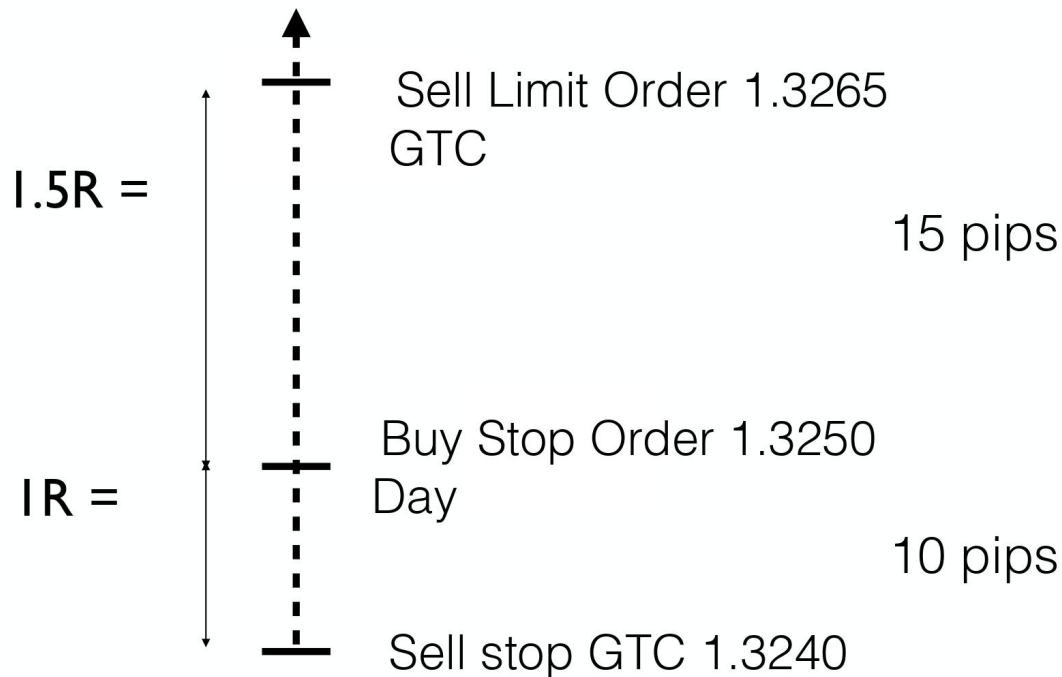
Risk Management & Position Sizing



No matter where you place your stop loss, your risk per trade remains the same

Placing Orders for Long Setups

- Professional Traders place bracket orders (OCO), where an entry order has a profit target and stop loss attached.
- GTC: Good Till Cancelled



Types of Orders

b. Stop Orders Used to Exit At a Loss (Stop Loss)

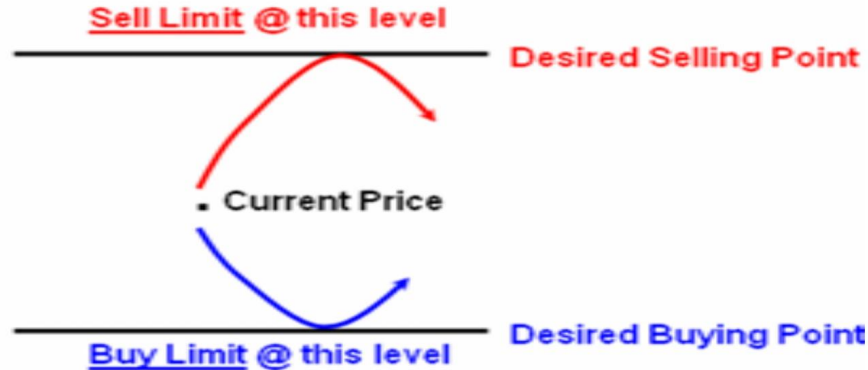
- It is used to minimise losses if the price moves against you.
- Sell Stop Orders are used for long positions
- Buy Stop Orders are used for short positions



Using Limit Orders for Entry-

When price has already moved beyond intended entry price

- For **BUY LIMIT** orders, the desired entry price must be lower than the current price.
- For **SELL LIMIT** orders, the desired entry price must be higher than the current price.



Limit Orders are used when we anticipate the price to hit a support or resistance level.

We anticipate that the trend reverses after the order is engaged.



Lesson 3

Mastering Technical Analysis

Price Trends- Uptrend

On an uptrend, probability is that prices will move higher

Higher highs

Higher lows

Go Long EUR/USD

Buy the Dip.
Never Buy The High



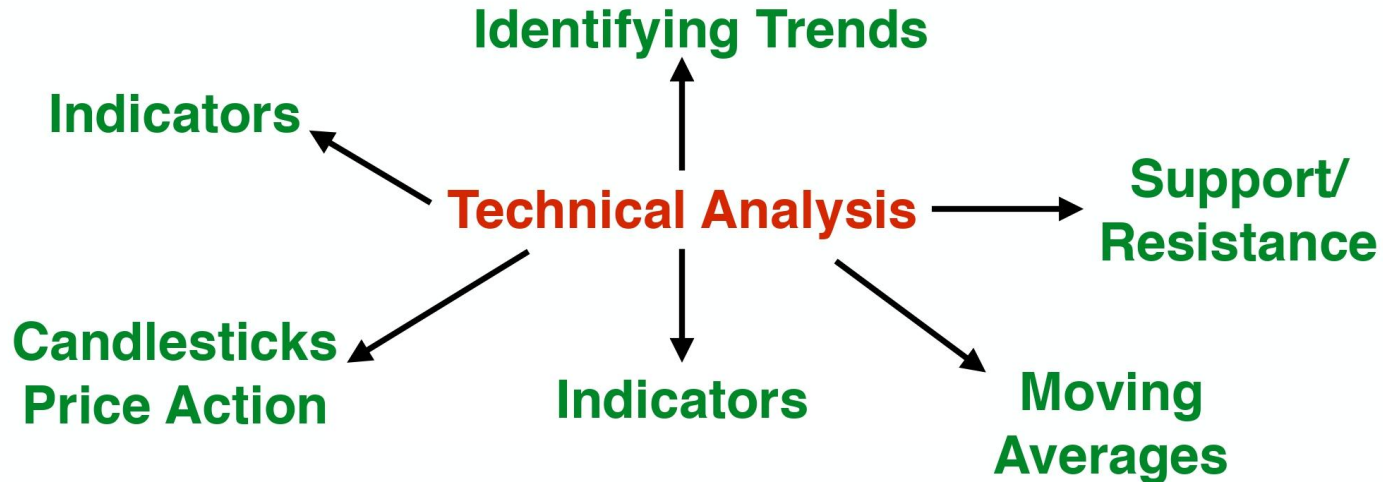
The Bullish Pin Bar



Principles of Technical Analysis

Probability and Not Prediction

- Technical analysis is not about predicting with certainty. It is used to anticipate the probability of future price movements.
- Having just a slight edge over the market will make you immensely profitable

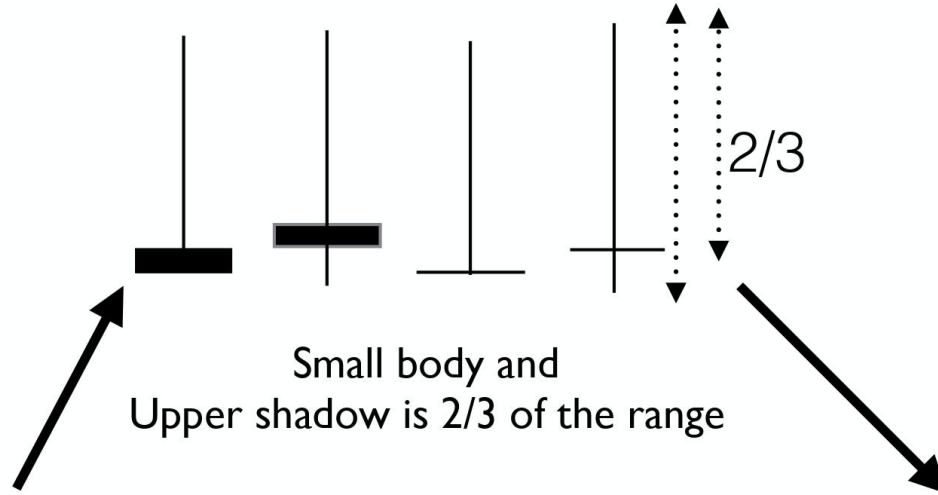


The Bearish Pin Bar



The Bearish Pin Bar

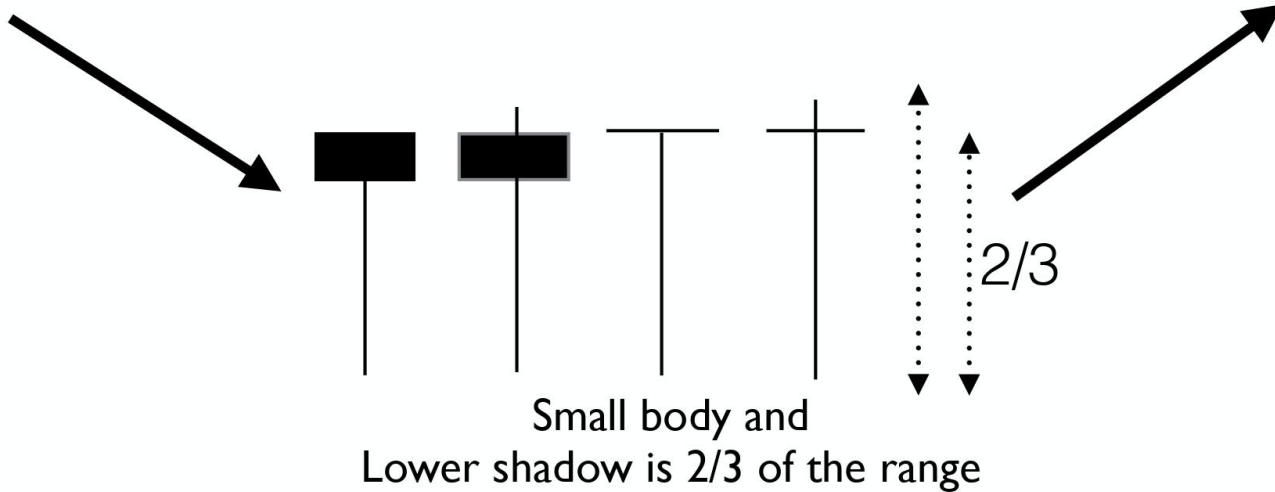
A specific candlestick pattern where the body of the candle is small. There is little or no lower shadow. The upper shadow is relatively long and at least 2/3rd of the range of the candle



Bearish Pin Bars should appear at the Resistance of Downtrends (Trend Trade)

The Bullish Pin Bar

A specific candlestick pattern where the body of the candle is small. There is little or no upper shadow. The lower shadow is relatively long and at least 2/3rd of the range of the candle



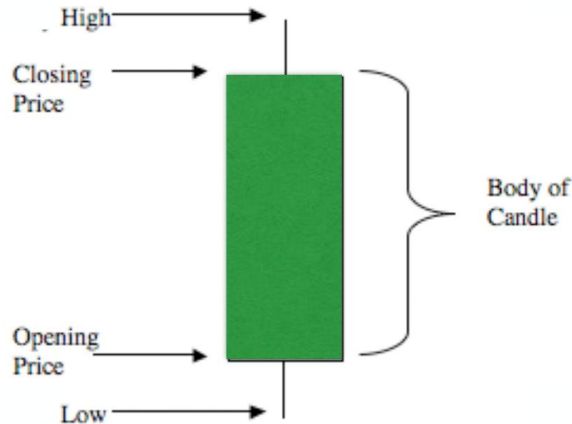
Bullish Pin Bars should appear at the Support of Uptrends
(Trend Trade)

Reading Candlesticks

Candlestick charts reveal a stock's opening, closing, high and low price

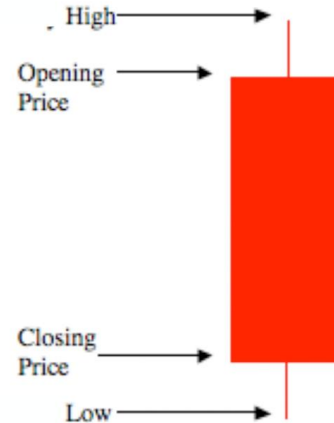
Green Body

Bullish Candle
Opens Low, Closes High

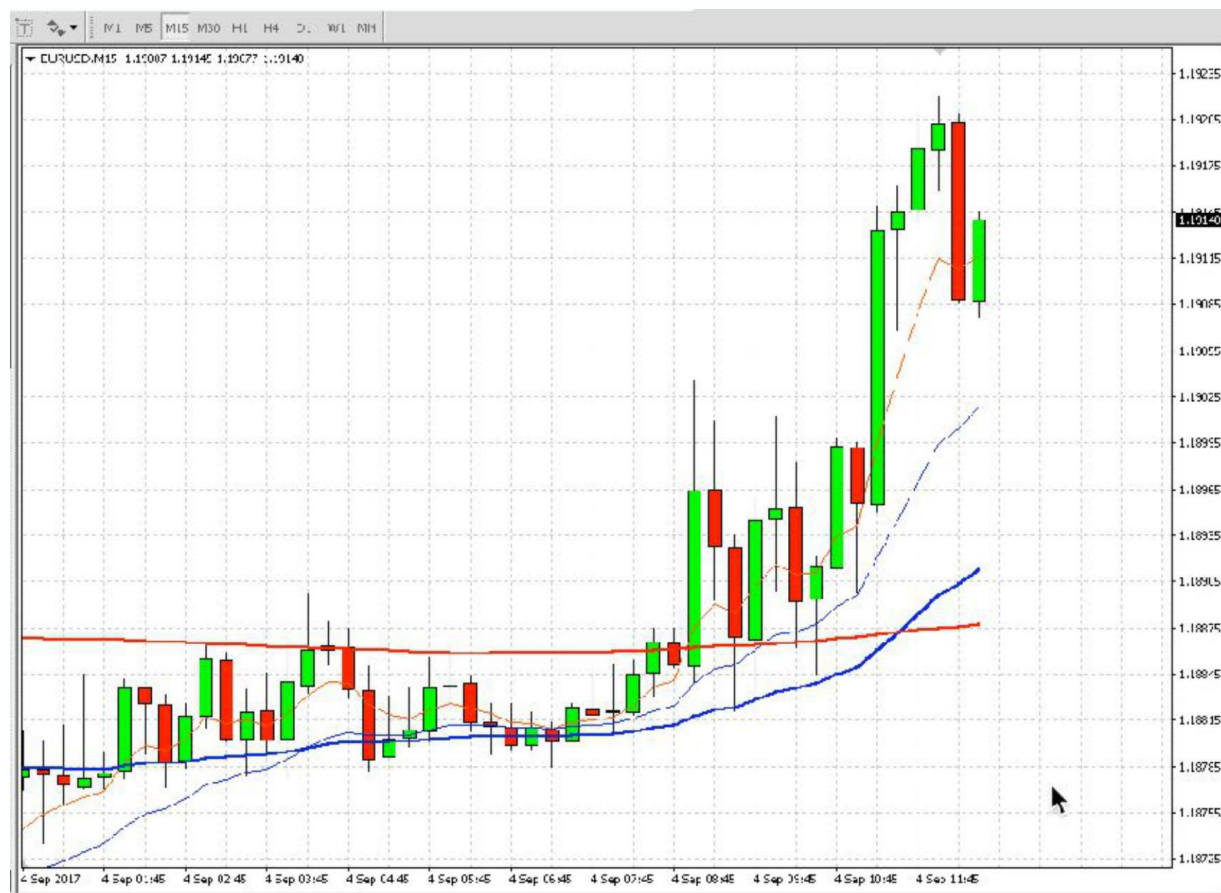


Red Body

Bearish Candle
Opens High, Closes Low



Charts and Candlesticks



Three Axioms of Technical Analysis

1. Market prices discount all known information

- Market price is a reliable measure of collective human psychology
- Market price is a leading indicator of all fundamental data (i.e. economic & political news)
- Relying on fundamental news always causes you to react too late

2. Prices Move with the Trend

Uptrend-> Probability for prices to move higher

Downtrend-> Probability for prices to move lower

3. History repeats itself

- The market is not completely random
- By studying charts patterns and using indicators, we can anticipate the probability of future price movements.

Technical Analysis

Getting an Edge Over The Market

- Technical analysis is the study of the collective psychology of the market.
- Technical analysis is not about predicting with certainty. It is used to anticipate the probability of future price movements.





Lesson3

Mastering Technical Analysis

Moving Averages

Moving Averages

1. The slope of the Moving Average indicates the direction of the trend
2. Moving averages act as support on uptrends and resistance on downtrends
3. Buy/sell when the price is 'near' the moving average.



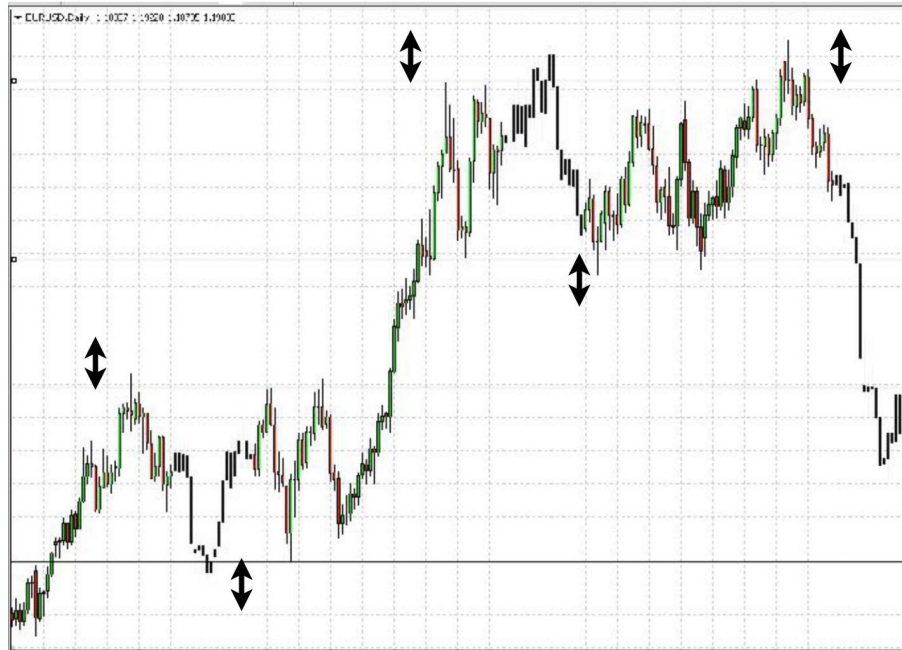
Moving Averages

- Moving averages indicate trend direction & support/ resistance levels
- A Simple Moving Average (SMA) is the simple average of the price over a pre-defined number of periods
- An Exponential Moving Average (EMA) is a weighted MA that applies more weight to recent prices.

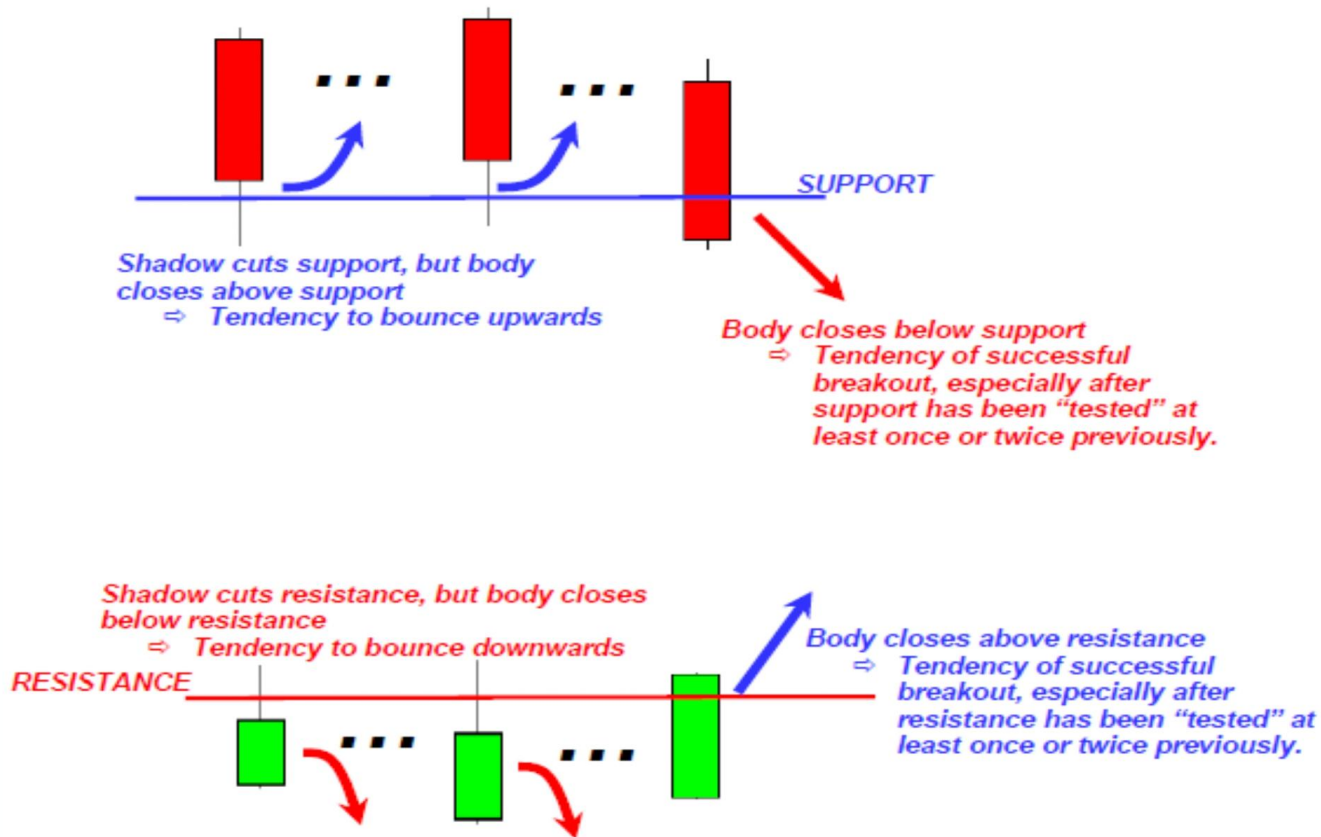


Support & Resistance

- Support and Resistance Levels are NOT precise levels that the market scientifically 'obeys'. They are more like 'Price Zones'
- Often, the market penetrates the support/resistance levels by a small measure
- In some case, the market may 'miss' the levels by a small measure, but we consider prices as coming into the 'zone'



Price 'Testing' Support & Resistance



Support & Resistance

- Resistance is the price level at which selling is thought to be strong enough to prevent the price from rising further.
- When price fails to break a resistance level, it creates bearish momentum
- When a price breaks above a resistance level, it creates bullish momentum



Support Levels

- Support is the price level at which demand is thought to be strong enough to prevent the price from declining further.
- When the price hits the support line and fails to break it, it creates bullish momentum
- When price breaks a support line, it creates bearish momentum



SSD PRO SOFTWARE

**This Software Based on Context ,
Probability , Statistics and Intention**



INTENTIONS

0.56510
BUY

EUR

0.56600

0.56550

0.56538

0.56500

0.56500

0.56450

0.56400

0.56350



 Strong Downtrend – Don't Fade

EMA:  Bearish

2-Bar Trend:  Bearish

Breakout:  Below Low

Volume:  Low

Body Strength: 0.41

Range: 0 (Min: 0)

Body: 41% (Max: 50%)

Overlap: 32% (Max: 50%)

Score: Bull 0 | Bear 3

AUDEUR 0.56511

INR 



Score: Bull 1 | Bear 1

1.58197
BUY

CAD ▾

EURCAD 1.58197

■ No Strong Trend – OK to Trade Flexibly

EMA:  Bullish

2-Bar Trend:  None

Breakout:  None

Volume:  Low

Body Strength: 0.8

Range: 0 (Min: 0)

Body: 80% (Max: 50%)

Overlap: 100% (Max: 50%)

Score: Bull 1 | Bear 1

1.58094

1.58000

1.57900

1.57800

07:00 08:00 09:00 10:00 11:00 12:00

13:00 14:00 15:00 16:00 17:00



JPY

198.000

197.800

197.600

197.400

197.200

197.000

196.800



197.424
BUY

Strong Downtrend – Don't Fade

EMA: Bearish

2-Bar Trend: Bearish

Breakout: Below Low

Volume: Low

Body Strength: 0.28

Range: 0.12 (Min: 0.04)

Body: 28% (Max: 50%)

Overlap: 47% (Max: 50%)

Score: Bull 0 | Bear 3

GBPJPY

197.430

04:30

06:00

07:30

09:00

10:30

12:00

13:30

15:00

16:30

328.95
BUY

INR

332.00

330.00

328.95

328.00

326.00

324.00

322.00

320.00

318.00

316.00

 **Strong Downtrend – Don't Fade**

EMA:  Bearish

2-Bar Trend:  Bearish

Breakout:  Below Low

Volume:  Low

Body Strength: 0.38

Range: 0.65 (Min: 0.5)

Body: 38% (Max: 50%)

Overlap: 77% (Max: 50%)

Score: Bull 0 | Bear 3

JIOFIN

10:30

12:00

14:00

31

10:30

12:00

14:00

Aug

10:30



1,393.10
BUY

INR



Strong Downtrend – Don't Fade

EMA: Bearish

2-Bar Trend: Bearish

Breakout: Below Low

Volume: Low

Body Strength: 0.71

Range: 1.4 (Min: 1.14)

Body: 71% (Max: 50%)

Overlap: 7% (Max: 50%)

Score: Bull 0 | Bear 4

RELIANCE 1,393.00

1,420.00

1,410.00

1,400.00

1,390.00

1,380.00



669.20
BUY

INR

TATAMOTORS 669.15

Strong Downtrend – Don't Fade

EMA: Bearish

2-Bar Trend: Bearish

Breakout: None

Volume: Low

Body Strength: 0.4

Range: 0.5 (Min: 0.71)

Body: 40% (Max: 50%)

Overlap: 80% (Max: 50%)

Score: Bull 0 | Bear 2

12:00 13:00 14:00 14:45 31 10:00 11:00 12:00 13:00 14:00 14:45 Aug

1,489.80
BUY

INR

ICICIBANK 1,489.80

1,488.00

1,484.00

1,482.02

1,480.00

1,476.00

1,472.00

1,468.00

1,464.00

Strong Uptrend – Don't Fade

EMA: Bullish

2-Bar Trend: Bullish

Breakout: Above High

Volume: High

Body Strength: 0.09

Range: 2.2 (Min: 1.33)

Body: 9% (Max: 50%)

Overlap: 36% (Max: 50%)

Score: Bull 4 | Bear 0

14:00

14:45

31

10:00

11:00

12:00

13:00

14:00

14:45

Aug

10:00



USD

0.64700

0.64682

AUDUSD 0.64637

0.64600

0.64500

0.64400



0.64636
BUY



 **Strong Downtrend – Don't Fade**

EMA:  Bearish

2-Bar Trend:  Bearish

Breakout:  Below Low

Volume:  Low

Body Strength: 0.57

Range: 0 (Min: 0)

Body: 57% (Max: 50%)

Overlap: 26% (Max: 50%)

Score: Bull 0 | Bear 3

2,029.00
BUY

INR

2,032.00

HDFCBANK 2,028.60

2,024.00
2,023.27

2,020.00

2,016.00

2,012.00

2,008.00

Strong Uptrend – Don't Fade

EMA: Bullish

2-Bar Trend: Bullish

Breakout: None

Volume: High

Body Strength: 0

Range: 1.2 (Min: 1.4)

Body: 0% (Max: 50%)

Overlap: 33% (Max: 50%)

Score: Bull 3 | Bear 0

14:00

14:45

31

10:00

11:00

12:00

13:00

14:00

14:45

Aug

10:00



2,029.30
BUY

INR



Strong Uptrend – Don't Fade

EMA: Bullish

2-Bar Trend: Bullish

Breakout: Above High

Volume: High

Body Strength: 0.42

Range: 1.2 (Min: 1.4)

Body: 42% (Max: 50%)

Overlap: 33% (Max: 50%)

Score: Bull 4 | Bear 0

HDFCBANK

2,032.00

2,029.10

2,028.00

2,024.00

2,023.32

2,020.00

2,016.00

2,012.00

2,008.00



1.32566
BUY

USD ▾

1.32800

1.32750

1.32694

1.32650

1.32600

1.32568

1.32550

1.32500

1.32450

1.32400



 Strong Downtrend – Don't Fade

EMA:  Bearish

2-Bar Trend:  Bearish

Breakout:  Below Low

Volume:  Low

Body Strength: 0.89

Range: 0 (Min: 0)

Body: 89% (Max: 50%)

Overlap: 18% (Max: 50%)

Score: Bull 0 | Bear 4

GBPUSD

1.32568

1.32550

1.32500

1.32450

1.32400

:00

08:00

09:00

10:00

11:00

12:00

13:00

14:00

15:00

16:00

17:00

18:00

149.234
BUY

JPY

149.400
149.300
149.200
149.100
149.000
148.958
148.900
148.800
148.700
148.600

Strong Uptrend – Don't Fade

EMA:  Bullish

2-Bar Trend:  Bullish

Breakout:  Above High

Volume:  Low

Body Strength: 0.7

Range: 0.04 (Min: 0.05)

Body: 70% (Max: 50%)

Overlap: 61% (Max: 50%)

Score: Bull 4 | Bear 0

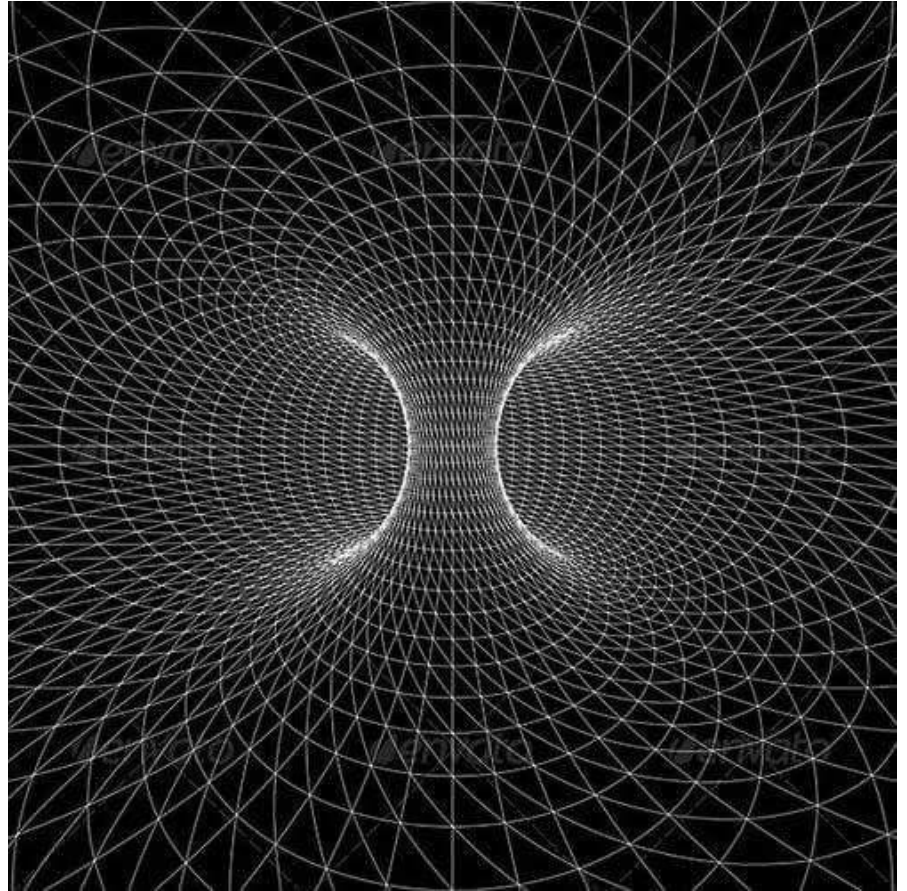
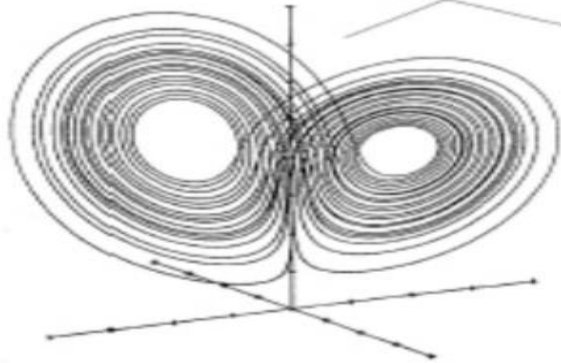
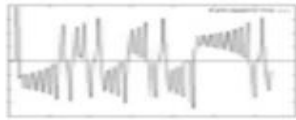
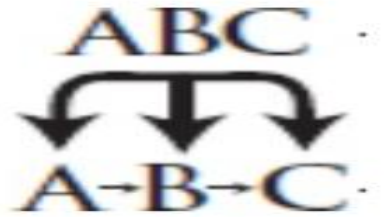
USDJPY 149.235

148.958

08:00 09:00 10:00 11:00 12:00 13:00 14:00 15:00 16:00 17:00 18:00



Morphogenetic Field



Putting Things in the Right Perspective

- **Identify high-probability trades (not to predict with certainty)**
 - ✓ Using a combination of indicators
 - ✓ High success rates ensure that wins more than cover losses
 - ✓ Not about certainties
- **Planning for the possibility of losses**
 - ✓ Reasonable stop-loss level (away from immediate noise)
 - ✓ Limiting the position size to ensure losses are always small
- **Mindset to think in terms of probabilities**
 - ✓ Avoid the lure of instant gratification
 - ✓ “It’s not about making every trade work”

Putting Things in the Right Perspective

- **Indicators DO NOT cause prices to move!**
 - ✓ Crowd psychology drives all price movements
 - ✓ The market is not “obliged” to respond to indicators!!!
- **All Indicators are by nature "lagging",**
 - ✓ They are always based on historical data (no such thing as “future data”!)
 - ✓ Foresight is a matter of probabilities, never certainties